

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL****FOR: HEALTH CARE FINANCING ADMINISTRATION**

1. TRANSMITTAL NUMBER:

0 2 - 0 2

2. STATE:

Washington, D.

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL
SECURITY ACT (MEDICAID)TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

~~April 1, 2002~~ *msc 9/12/02 - email*
September 21, 2002

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR 440.10

7. FEDERAL BUDGET IMPACT:

a. FFY 2002 \$ 2.6 millionb. FFY 2003 \$ 2.6 million

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19A pages 10,11,16k,16m, *16L*
*e-mail 9-16-02 msc*9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):Attachment 4.19A pages 10,11,16k,16m, *16L*
e-mail 9-16-02 msc

10. SUBJECT OF AMENDMENT:

Conversion of Hadley Hospital to Specialty Care

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL☒ OTHER, AS SPECIFIED:

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

Herbert H. Weldon, Jr.

14. TITLE:

Senior Deputy Director for Health Care Finance

15. DATE SUBMITTED:

06-21-02

16. RETURN TO:

Herbert H. Weldon, Jr.
Senior Deputy Director for Health Care Finance
Medical Assistance Administration
825 North Capitol Street, N.E.
Suite 5135
Washington, D.C. 20002

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

June 28, 2002

18. DATE APPROVED:

SEP 25 2002

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

September 21, 2002

20. SIGNATURE OF REGIONAL OFFICIAL:

Claudette V. Campbell for
Associate Regional Admin.

21. TYPED NAME:

Claudette V. Campbell

22. TITLE:

23. REMARKS:

An additional payment of \$14,500 shall be made to the hospital to cover the cost of organ procurement within the metropolitan area. If the procurement requires special services, including air transport, because it is not available within the metropolitan area, these costs may be added to the procurement claim.

The transplant discharges will be paid outside the District's Periodic Interim Payment (PIP) System.

- f. Beginning on September 21, 2002, as set forth in sections 4800.1 and 4809.1 of Title 29 DCMR, Hadley Memorial Hospital will no longer be reimbursed for its inpatient services on an APDRG basis, but will instead be reimbursed on a per diem basis as are the other specialty hospitals in the District (Hospital for Sick Children, the Psychiatric Institute, National Rehabilitation Hospital, St. Elizabeths Hospital, Medlink Hospital, and Riverside Hospital). The reimbursement methodology for this group of specialty hospitals is detailed in section 5a. of this Attachment. All previous references in the State Medicaid Plan to Hadley Hospital as an APDRG hospital shall not apply after September 21, 2002.
6. Reimbursement for public hospitals that provide inpatient hospital services as defined in 42 CFR 440.10 will be as follows effective with services provided on or after August 9, 1993:
 - a. Reimbursement for inpatient services provided by D.C. General Hospital, except organ transplant services as described in Section 5e, is at one hundred percent (100%) of D.C. General Hospital's audited allowable costs as described below:
 1. D.C. General Hospital will receive on an interim basis a prospective rate in accordance with the principles contained in 42 CFR 413.13(c)(ii), based on the audited allowable cost per day in the base year. Per Diem rates for subsequent periods shall be inflated by the percent of change in the moving average of the Health Care Cost HCFA-Type Hospital Market Basket, adjusted for the District of Columbia, as developed by Data Resources, Inc., determined in the quarter in which the provider's new fiscal year begins. Allowable costs are established in accordance with the requirements of 42 CFR Part 413, except

for Section 413.30 (Limitations on reimbursable costs), Section 413.35 (Limitations on coverage of costs: Charges to beneficiaries if cost limits are applied to services) and Section 413.40 (Ceiling on rate of hospital cost increases).

2. The program shall determine the rate for each year and shall notify D.C. General Hospital of the new interim rate thirty (30) days prior to the beginning of the hospital's next fiscal year. The base year used for the initial interim rate calculation shall be the hospital's fiscal year ended in 1992.
3. D.C. General shall receive a Periodic Interim Payment (PIP) which shall be based upon the estimated costs calculated as described in A above. D.C. General Hospital shall file a cost report with the program within ninety (90) days of the close of its fiscal year. Final settlement of all cost reports will be made on a biennial basis beginning with the hospital's fiscal year ended 1995 once all relevant cost reports are filed, audited, and all audit adjustments are completed.

- (1) A description of the rate adjustment, including the amount of the old payment rate and the revised payment rate;
- (2) The effective date of the change in the payment rate;
- (3) A summary of all audit adjustments made to the hospital's reported costs, including an explanation, by appropriate reference to law, rules, or program manual of the reason in support of the adjustment; and
- (4) A statement informing the hospital of the right to request an administrative review within sixty days of the date of the determination.

j.14.2 Any hospital that disagrees with any audit adjustment or payment rate calculation for the Hospital-Specific ACD, capital add-on cost, or graduate medical education add-on cost shall submit a written request for administrative review to the Financial Manager, Audit and Finance Office, Medical Assistance Administration, Department of Health.

j.14.3 The written request for the administrative review shall include a specific description of the audit adjustment or payment rate calculation to be reviewed, the reason for review of each item, the relief requested, and documentation to support the relief requested.

j.14.4 The Medicaid Program shall mail a formal response of its determination to the hospital not later than one hundred and twenty (120) days from the date of receipt of the hospital's written request for administrative review pursuant to subsection j.14.2.

j.14.5 Within 45 days of receipt of the Medicaid Program's written determination, the hospital may appeal the written determination by filing a written notice of appeal with the Board of Appeals and Review.

j.14.6 Filing an appeal with the Board of Appeals and Review shall not stay any action to adjust the hospital's payment rate.

j.15 Conversion of Hadley Memorial Hospital

j.15.1 Beginning on September 21, 2002, Hadley Memorial Hospital will no longer be reimbursed as an APDRG hospital. All previous references in the State Medicaid Plan to Hadley Hospital as an APDRG hospital shall not apply after the effective date of these rules.

j.15.2 Hadley Memorial Hospital shall be reimbursed using the methodology for specialty hospitals detailed in section 5a. of this Attachment.

j.16 RESERVED

j.17 RESERVED

j.18 RESERVED

j.19 RESERVED

j.20 DEFINITIONS

j.20.1 For purposes of this chapter, the following terms shall have the meanings ascribed:

APDRG - A classification of clinically cohesive inpatient hospital discharges that reflects the estimated relative cost of hospital resources used with respect to that particular type of clinical case to the average of all Medicaid cases. The relative weight of each APDRG is calculated by dividing the mean Medicaid operating cost for each APDRG by the mean Medicaid operating cost of all claims in a relative weight data -file, excluding outliers.

Base Year - The standardized year on which rates for all facilities are calculated to derive a prospective reimbursement rate.

Outlier - All claims in the relative weight data file with costs exceeding one standard deviation from the mean Medicaid cost for each APDRG classification.

Program - The District of Columbia Medicaid Program as administered by the Medical Assistance Administration, Department of Health.

10. DISPROPORTIONATE SHARE HOSPITALS

Hospitals qualifying as disproportionate share hospitals, as defined in Section 10 below, will receive an additional payment. The payment will be calculated by multiplying the total payment from items 7(a) through 7(i) above times the disproportionate share percentage as determined from Section 10 below.

TN # 02-02
Supersedes
TN # 00-03

Effective Date SEP 21 2002

Approval Date SEP 25 2002

11. DEFINITION OF KEY TERMS

- (1) Diagnosis Related Group (DRG) - A patient classification system that reflects clinically cohesive groupings of inpatient hospitalizations utilizing similar hospital resources. The District of Columbia will adopt the All Patient Diagnosis Related Group (APDRG) classification system as contained in the 1992 APDRGs Definition Manual, Version 9.0. Subsequent versions will be adopted within one year of their publication if the program determines that they represent a substantial change from the version in place.
- (2) Principal Diagnosis - The diagnosis established after study to be chiefly responsible for causing the patient's admission to the hospital.
- (3) Service Intensive Weights - A numerical value which reflects the relative resource requirements for the DRG to which it is assigned. The service intensity weights for the District of Columbia Medicaid Program are the ratio of each DRG average charge per case to the aggregate charge per case.